

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 IO-13 AID-05 IGA-02 OMB-01 TRSE-00  
CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05  
PA-01 PRS-01 SP-02 SS-15 USIA-06 ACDA-07 /084 W  
-----011356 090115 /41

R 010905Z MAR 77  
FM AMEMBASSY DACCA  
TO SECSTATE WASHDC 3715

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E.O. 11652: N/A  
TAGS: EAID, BG  
SUBJECT: DEVELOPMENT PROJECT IMPLEMENTATION

REF: DACCA 949

1. SUMMARY. THE BDG IS TACKLING, WITH HEIGHTENED AWARENESS AND URGENCY, THE VEXING PROBLEMS OF AID UTILIZATION AND PROJECT IMPLEMENTATION, AND HAS RECENTLY TAKEN A NUMBER OF ADMINISTRATIVE STEPS TO IMPROVE ITS ABILITY TO APPRAISE, APPROVE, MONITOR AND IMPLEMENT DEVELOPMENT PROJECTS. THE PROBLEMS GENERALLY ARE NOT OPEN TO PROMPT, OR "ONE-SHOT" SOLUTIONS: RATHER THEY ARE LIKELY TO CONTINUE TO BE A BRAKE ON DEVELOPMENT FOR SOME CONSIDERABLE TIME TO COME. END SUMMARY.

2. AID UTILIZATION DISAPPOINTING. THE AID PIPELINE HAS CONTINUED TO GROW AND PROJECT IMPLEMENTATION RATES REMAIN SLOW. THE IBRD IS PARTICULARLY CONCERNED ABOUT THESE PROBLEMS WHICH INHIBIT BDG ABILITY TO MOVE FROM SUCCESSFUL STABILIZATION POLICIES TO ECONOMIC DEVELOPMENT. PRESIDENT McNAMARA RAISED THIS CONCERN DURING HIS NOVEMBER VISIT HERE (76 DACCA 5861) AND THE

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FORTHCOMING IBRD ANNUAL REPORT ON BANGLADESH IS EXPECTED TO DISCUSS THE PROBLEM OF DEVELOPMENT ADMINISTRATION (76 DACCA 6281), WHILE LATEST FINANCIAL INFORMATION (REFTEL) REVEALS DISAPPOINTING RATES OF DEVELOPMENT EXPENDITURES AND AID UTILIZATION.

3. BDG ACTIONS. THE BDG HAS RECENTLY TAKEN A NUMBER

OF STEPS TO ADDRESS THESE PROBLEMS, INCLUDING:

(A) IMPLEMENTATION COORDINATION COMMITTEE. THIS INTERMINISTRERIAL BODY REVIEWED IN NOVEMBER AND DECMEMBER ALL CURRENT DEVELOPMENT PROJECTS WITH THE RESPONSIBLE MINISTRIES, AGENCIES AND CORPORATIONS.

(B) NATIONAL ECONOMIC COUNCIL (NEC) DRAWING ON THE GENERAL FINDINGS OF THE IMPLEMENTATION COORDINATION COMMITTEE, HAD THEN DECIDED:

(I) EACH MINISTRY WOULD REVIEW MONTHLY ITS RATE OF PROJECT IMPLEMENTATION;

(II) EACH MINISTRY WILL ESTABLISH PLANNING AND EVALUATION CELLS TO IMPROVE THEIR ABILITY TO PREPARE AND IMPLEMENT PROJECTS;

(III) INDIVIDUAL DEVELOPMENT PROGRAMS WILL BE DRAWN UP ON THE BASIS OF QUOTE REALISTIC COST ESTIMATES BY EXPERTS END QUOTE;

(IV) FUNDS WILL BE DIVERTED FROM SLOW-MOVING PROJECTS TO OTHERS WHICH CAN ABSORB AVAILABLE AID FUNDS;

(V) THREE EVALUATION AND INSPECTION TEAMS, REPORTING TO THE NATIONAL ECONOMIC COMMITTEE, ARE TO BE FORMED TO INSPECT SPECIFIC PROJECTS (LATER THIS NUMBER IS TO BE INCREASED TO QUOTE THRITY OR FORTY END QUOTE TEAMS); AND

(VI) THE MINISTRIES OF PLANNING AND FINANCE ARE TO STREAMLINE THEIR PROCEFURES FOR APPROVING PROJECTIONS AND RELEASING FUNDS TO MINISTRIES, AGENCIES, AND CORPORATIONS, FOR DEVELLPMENT EXPENDITURES.

(C) INVITATION TO DONORS. BY LETTER DATED 19 LIMITED OFFICIAL USE

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JANUARY 1977, TO CHIEFS OF MISSION OF DONOR NATIONS, THE PLANNING COMMISSION ADDITIONAL SECRETARY NOTED SOME OF THE DECISIONS LISTED ABOVE AND INVITED DONORS TO QUOTE BRING TO OUR NOTICE ANY DIFFICULTIES THAT YOU MAY EXPERIENCE IN RESPECT TO IMPLEMENTATION OF PROJECTS AIDED BY YOU SO THAT WE MAY TAKE TIMELY STEPS TO HELP REMOVE THE SAME END QUOTE.

(D) ROLE OF PLANNING MINISTRY. THE PROJECT IMPL- MENTATION BUREAU (PIB) WHICH REPORTS TO THE PLANNING MINISTRY, AND REPORTEDLY IS TO BECOME A SEPARATE DIVISION OF THAT MINISTRY TO ENHANCE ITS STATUS AND HENCE EF- FECTIVENESS, WILL CONTINUE TO RECEIVE MONTHLY REPORTS FROM BDG AGENCIES CARRYING OUT DEVELOPMENT PROJECTS AND TO REPORT ANY BOTTLENECKS SUCH REPORTS REVEAL. HOWEVER, THE PIB DOES NOT RESOLVE BOTTLENECTS; THE NEC, TO WHICH THE PLANNING MINISTRY REPORTS, HAS THAT FUNCTION. THE PLANNING MINISTRY HAS DEVELOPED A NEW PROJECT IMPLEMENTATION PROGRESS CHART, WHICH MUST BE COMPLETED QUARTERLY BY EACH PROJECT MANAGER FOR EVERY PROJECT AND WHICH

SHOWS BOTH EXPENDITURE DATA AND PHYSICAL PROGRESS INFORMATION.

4. IMPACT LIMITED. WHILE BDG OFFICIALS WILL DOUBTLESS POINT TO THESE MEASURES AT THE BANGLADESH AID GROUP MEETING IN PARIS THIS JUNE AS EVIDENCE OF THEIR HAVING RESPONDED TO THIS PROBLEM, THAT RESPONSE IS LIKELY TO PRODUCE ONLY GRADUAL IMPROVEMENT IN THE SITUATION. CHANGES IN PROCEDURES AND ADDITIONAL TRAINING WILL HELP, BUT PROGRESS IN SUCH AREAS CAN ONLY COME SLOWLY. PROJECT IMPLEMENTATION INVOLVES BREAKING BOTTLENECKS, OVERCOMING PROBLEMS, CORRECTING MISTAKES, REVERSING MANY DECISIONS, ADJUSTING TO UNFORESEEN EVENTS; AND DOING SUCH THINGS MAY INVOLVE FINDING FAULT; THAT IS, TELLING A SENIOR OFFICIAL THAT HE MADE A MISTAKE. TO DO THAT, CONSIDERABLE POLITICAL WEIGHT IS REQUIRED. AT PRESENT NONE OF THE ADMINISTRATIVE BODIES CONCERNED, OTHER THAN LIMITED OFFICIAL USE

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THE NATIONAL ECONOMIC COUNCIL, CHAIRED BY GENERAL ZIA,

HAS THAT WEIGHT.

MASTERS

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NNN

## Message Attributes

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**Review Markings:**  
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22 May 2009  
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